

2012 EXECUTIVE PREDICTIONS YEAR IN REVIEW

Year in Review

In 2011, CCH continued its strong commitment to customers with significant investment in developing and enhancing workflow solutions for tax, accounting and audit professionals. And, we continued to see strong adoption of these solutions and continued industry recognition.

A cornerstone of our product development process is collaborating with customers. In 2011, CCH took this to the next level with our new Innovation Lab, where we have expanded our contextual design focus of working side-by-side with customers to best understand their processes and to create solutions that seamlessly support their workflows by automating, simplifying and helping our customers continue to gain productivity and benefit from greater efficiencies.

This underscores the overall commitment we have made to help our customers advance from best of breed solutions to what CCH has identified as Best in Process. Best in Process ensures that every step in a tax, audit, accounting or firm management process is made more efficient and effective through technology, and that technology facilitates the flow of work across multiple processes in a streamlined and seamless way.

Foundational to our ability to help customers achieve Best in Process is the ongoing investment we have made to deliver the industry's most advanced and agile software and research platforms. They are world-class — and truly world-proven as CCH and Wolters Kluwer extend our global leadership position in tax, accounting and audit.

Building on our technology platform, we continued to enhance the ProSystem *fx* Suite in 2011. This included enhancements to our Foundation solutions, as well as the further roll out of our SaaS solutions, including the new Scan (SaaS), and the introduction of ProSystem *fx* Document (On-Premise) and the new ProSystem *fx* Practice Intelligence, which gives firms quick, accurate information via on-screen dashboards to better manage their practices and chart their success.

As a testament to the growing importance of ProSystem *fx* among tax professionals, we realized our strongest tax e-filing season ever — with

more than 11 million tax returns transmitted through ProSystem *fx* Tax and Global *fx* Tax. We also were recognized for having one of the industry's leading acceptance rates for federal 1040 individual and business tax returns. Additionally, ProSystem *fx* Portal is becoming an essential component of our customers' workflows — and their clients — with more than a million exchanges to date, all paperless, all encrypted and secure.

Further enhancements also were made to CCH's award-winning research platform *IntelliConnect*® to ensure CCH delivers Faster Answers and Better Results. And, with the introduction of *CCH Mobile*, professionals now have access to authoritative research information anytime, anywhere.

In state and local tax, CCH advanced the accessibility of cloud solutions through its acquisition of SpeedTax, which we've renamed Sales Tax SaaS. Only through CCH, firms and their clients now have advanced SaaS technology and premier rate and taxability content supported by strong customer and professional service. On a global basis we also continued to expand to meet our customers' growing need for cross-border solutions. For example, our *Global Integrator* has become a preferred solution for firms and their multi-national clients looking for a comprehensive, web-based solution for managing the global tax function.

In 2012, CCH celebrates its 99th anniversary. The company was founded on the basis of helping customers be able to efficiently and effectively serve their clients. From the outset, we have done this through the combination of authoritative content and innovative solutions. That commitment continues.

As we look to the future, we know the investments we've made in understanding our customers, technology and research platforms, and mobility and cloud computing are enabling our customers to realize remarkable breakthroughs in productivity and efficiencies — crucial as firms prepare for 2012 and beyond.

MIKE SABBATIS

President & CEO

Mike Sabbatis is President and CEO of CCH, a Wolters Kluwer business. At CCH, Sabbatis leads the U.S. and Canadian businesses in serving as a strategic partner in delivering innovative, customer-focused Best in Process solutions for professionals. Under his leadership, CCH has invested at record levels in

its integrated solutions, and he has led the strategic development of CCH's next generation research and software platforms, including new cloud and mobile solutions. As President and CEO, Sabbatis has significantly expanded CCH's presence in both the professional CPA and corporate markets,

and has led the extension of the ProSystem *fx* Suite across in the U.S. and across Asia Pacific, Canada and Europe. A leader in the profession, Sabbatis is a frequent speaker on technology and strategic business issues, and he is consistently recognized as one of Accounting Today's Top 100 leaders.



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PREDICTIONS FOR 2012

The next year will be an acceleration of what we've already started to see as firms continue to prepare themselves to be what we call "Future Ready." Technology and client demands are moving so quickly that the only way firms can be prepared to respond is if they focus on clearly understanding their workflows, optimizing their processes, leveraging technology to best streamline and support these processes, and establish a framework of continuous improvement.

In 2011, we commissioned *The CCH Future Ready Firm Survey*, an independent nationwide survey of tax and audit professionals to examine what firms are doing to make sure they are preparing for the future. It offers good insight; a few important points we see:

1. Supporting an increasingly mobile workforce becomes essential. The *CCH Survey* found that within three years, nearly all tax and audit professionals at large firms will rely on smartphones and tablets to perform their work. Most firms are not ready for this today, but recognize getting ready is a priority. In 2012, firms will examine their processes to better understand where mobile technologies fit in and can streamline their workflows. A great example: Today, professionals most commonly use their mobile devices for e-mail and calendar. In the future, they'll increasingly see them as an extension of their desktop — or even a replacement — using mobile devices regularly for research, practice management, audit

and tax compliance — wherever they need to perform their work.

2. Cloud computing gains momentum as it moves from niche to mainstream. More than three out of four large firms will rely on cloud solutions within the next three years, according to the *CCH Survey*. This will give them tremendous advantages in simplifying their technology infrastructure and the agility to meet new customer and market demands. Many firms will use 2012 to identify how cloud can help improve their workflow, support mobile workers and better manage firm resources. Those more advanced will further expand their deployment of cloud to generate near-term efficiencies.

3. Expectation grows for technology to deliver Best in Process. In the *CCH Survey*, most firms told us: 1) their processes could be improved; and 2) they could be doing more to leverage technology. The first step is understanding that change is needed. In 2012, firms preparing for the future will examine their processes, streamline them and start to evaluate technologies by asking fundamental questions: How will this technology further automate my workflows, enhance my processes and improve my results? These firms will expect more from their technology — and their technology partners. CCH alone is positioned to deliver on Best in Process to ensure firms are future ready for 2012 and beyond.



Winn-Dixie gets the big picture on sales tax issues that change from state to state — and donut to donut.

In one state, there's the six-donut rule: sell fewer than six donuts and sales tax applies; more than six is considered nontaxable. In another, it's the half-pint rule: sell less than a half-pint of ice cream and it's taxable — but more than a half-pint is free of sales tax.



"Winn-Dixie carries more than 48,000 products in nearly 500 grocery stores we operate across five states in the Southeast. Searching state-by-state for answers to a range of sales tax issues used to be tedious. With IntelliConnect®, it's easy. I simply put in the search request, get the answers for all five states at once, and move on to the next issue."

Rich Tansi, Manager, Sales/Use & Property Tax, Winn-Dixie Stores, Inc.



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- Visit us online at CCHGroup.com/Donut
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